

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Mortgage Broker License of:

No. 07F-BD 004

-SBD

3 **CARTERET MORTGAGE CORPORATION**  
4 **AND ERIC WEINSTEIN, PRESIDENT**

11811 North Tatum Blvd.

Suite 3031

Phoenix, AZ 85028

Respondents.

**ORDER TO CEASE AND DESIST;  
NOTICE OF OPPORTUNITY FOR  
HEARING; CONSENT TO ENTRY OF  
ORDER**

6  
7 The Superintendent of Financial Institutions for the State of Arizona (the "Superintendent"),  
8 makes the following Findings of Fact and Conclusions of Law and enters the following Order  
9 pursuant to Arizona Revised Statutes ("A.R.S.") § 6-137.

10 Pursuant to Titles 6 and 41 of the Arizona Revised Statutes and Title 20, Chapter 4 of the  
11 Arizona Administrative Code ("A.A.C."), Respondents are hereby notified that they are entitled to a  
12 hearing to contest this Order. The Request for Hearing shall be filed with the Arizona Department of  
13 Financial Institutions (the "Department") pursuant to A.R.S. § 6-137(D) within **thirty (30) days** of  
14 service of this Order and shall identify with specificity the action or order for which review is sought  
15 in accordance with A.R.S. § 41-1092.03(B).

16 Pursuant to A.R.S. §§ 41-1092.01(D) and 41-1092.03(B), any person may appear on his or  
17 her own behalf or by counsel. If Respondents are represented by counsel, the information required  
18 by A.R.S. § 41-1092.03(B) shall be included in the Request for Hearing. Upon the filing of a  
19 Request for Hearing, the Department shall issue a Notice of Hearing scheduling the matter for  
20 hearing in accordance with A.R.S. § 41-1092.05. **Persons with disabilities may request**  
21 **reasonable accommodations such as interpreters, alternative formats, or assistance with**  
22 **physical accessibility.** Requests for special accommodations must be made as early as possible to  
23 allow time to arrange the accommodations. If accommodations are required, call the Office of  
24 Administrative Hearings at (602) 542-9826.

25 Respondents have the right to request an Informal Settlement Conference, pursuant to A.R.S.  
26 § 41-1092.06, by filing a written request no later than **twenty (20) days** before the scheduled

1 hearing. The conference will be held within **fifteen (15) days** after receipt of your request. If an  
2 Informal Settlement Conference is requested, a person with the authority to act on behalf of the  
3 Department will be present (the "Department Representative"). Please note that in requesting an  
4 Informal Settlement Conference, Respondents waive any right to object to the participation of the  
5 Department Representative in the final administrative decision of this matter, if it is not settled. In  
6 addition, any written or oral statement made by Respondents at such informal settlement conference,  
7 including written documentation created or expressed solely for purposes of settlement negotiations,  
8 are inadmissible in any subsequent administrative hearing. (See A.R.S. § 41-1092.06 for rules  
9 regarding informal settlement conferences.) Conversely, any written or oral statement made by  
10 Respondents outside an Informal Settlement Conference is not barred from being admitted by the  
11 Department in any subsequent hearing. If Respondents do not request a hearing, this Order shall  
12 become final.

13 If Respondents request a hearing, the purpose of the hearing shall be to determine if grounds  
14 exist for: (1) the issuance of an order pursuant to A.R.S. § 6-137 directing Respondents to cease and  
15 desist from the violative conduct and to take the appropriate affirmative actions, within a reasonable  
16 period of time prescribed by the Superintendent, to correct the conditions resulting from the  
17 unlawful acts, practices, and transactions; (2) the imposition of a civil monetary penalty pursuant to  
18 A.R.S. § 6-132; (3) the suspension or revocation of Respondents' license pursuant to A.R.S. § 6-905;  
19 and (4) an order or any other remedy necessary or proper for the enforcement of statutes and rules  
20 regulating mortgage brokers pursuant to A.R.S. §§ 6-123 and 6-131.

### 21 FINDINGS OF FACT

22 1. Respondent Carteret Mortgage Corporation (hereinafter "CAC") is a Virginia corporation  
23 authorized to transact business in Arizona as a mortgage broker, license number MB 0904465,  
24 within the meaning of A.R.S. §§ 6-901, *et seq.* The nature of CAC's business is that of making,  
25 negotiating, or offering to make or negotiate loans secured by Arizona real property, within the  
26 meaning of A.R.S. § 6-901(6).

1       2. Respondent Eric Weinstein ("Mr. Weinstein") is the President of CMC. Mr. Weinstein is  
2 authorized to transact business in Arizona as a mortgage broker within the meaning of A.R.S.  
3 § 6-903(E).

4       3. A March 28, 2006 examination of CAC, conducted by the Department, revealed that CAC  
5 and Mr. Weinstein:

6           a. Failed to obtain branch office licenses from the Superintendent; specifically:

7                   i. Respondents originated mortgage loans from the following unlicensed  
8                   branch locations:

9                           1. 780 S. Shadowtree, Tucson, AZ 85748;

10                           2. 407 A-3 Gooseneck Dr., Cary, NC 27513;

11                           3. 10047 Dragoon Guards, Bistow, VA 20169;

12                           4. 121 E. Birch Ave., Flagstaff, AZ 86001;

13                           5. 13182 W. Fargo Dr., Surprise, AZ 85374;

14                           6. 95 Park Terrace East, Suite 5E, New York, NY 10034; and

15                   ii. Respondents failed to correct this violation from its last examination;

16           b. Failed to use their name and license number, as issued on their principal place of  
17 business license, within all regulated advertising; specifically:

18                   i. "Our Rates Will Interest You"—license number is missing; and

19                   ii. "Welcome To Our Open House!"— license number is missing;

20           c. Failed to conduct the minimum elements of reasonable employee investigations  
21 before hiring employees, specifically:

22                   i. Failed to collect and review all of the documents authorized by the  
23 Immigration and Control Act of 1986 for eleven (11) employees;

24                   ii. Failed to obtain a completed and dated "I9" (Employment Eligibility  
25 Verification Form) for eleven (11) employees;

26                   iii. Failed to consult with the applicant's most recent or next most recent

- 1 employer or failed to date said inquiry for nine (9) employees;
- 2 iv. Failed to inquire regarding an applicant's qualifications and
- 3 competence or failed to date said inquiry for the position for nine (9)
- 4 employees;
- 5 v. Failed to obtain a credit report for eleven (11) employees; and
- 6 vi. Respondents failed to correct these violations from their last
- 7 examination;
- 8 d. Failed to maintain a complete loan application list that includes loan disposition and
- 9 the loan officer's name;
- 10 i. Respondents failed to correct this violation from their last examination;
- 11 e. Failed to notify the Superintendent about a change involving their responsible
- 12 individual;
- 13 i. As of the date of the examination report, Respondents do not have an
- 14 approved responsible individual in active management over their
- 15 Arizona activities;
- 16 f. Failed to have a responsible individual in active management of Arizona activities;
- 17 i. As of the date of the examination report, Respondents do not have an
- 18 approved responsible individual in active management over their
- 19 Arizona activities;
- 20 g. Violated an applicable law, rule, or order, specifically:
- 21 i. On or around October 18, 2002, Respondents signed and consented to
- 22 Order 03-BD042-SBD. Respondents failed to comply with this Order
- 23 by:
- 24 1. Failing to conduct the minimum required elements of
- 25 reasonable employee investigations;
- 26 2. Operating branch office locations without first obtaining a

1 branch office license; and

2 3. Failing to implement the use of a written document agreement  
3 signed by all parties when accepting documents from  
4 borrowers;

5 h. Failed to furnish information to the Department within a reasonable time, specifically:

6 i. Respondents failed to provide the examiner, within a reasonable time,  
7 the following: (1) an advertising file; (2) a log for Arizona loans; (3) a  
8 list of Respondents' lenders; and (4) a branch office license for 18720  
9 East Superstition Drive, Queen Creek, AZ. Respondents provided the  
10 Department with the aforementioned information six (6) business days  
11 after the request; and

12 i. Used unlawful appraisal disclosures that limit a borrower to 90 days in which the  
13 borrower may request a copy of an appraisal for which the borrower has paid;

14 i. Respondents failed to correct this violation from their last examination.

15 4. These Findings of Fact shall also serve as Conclusions of Law.

16 **CONCLUSIONS OF LAW**

17 1. Pursuant to A.R.S. §§ 6-901, *et seq.*, the Superintendent has the authority and duty to  
18 regulate all persons engaged in the mortgage broker business and with the enforcement of statutes,  
19 rules, and regulations relating to mortgage brokers.

20 2. By the conduct set forth in the Findings of Fact, CMC and Mr. Weinstein violated the  
21 following:

22 a. A.R.S. § 6-904(F) by failing to obtain branch office licenses from the  
23 Superintendent;

24 b. A.R.S. § 6-903(M) by failing to use their name and license number, as issued on  
25 their principal place of business license, within all regulated advertising;

26 c. A.R.S. § 6-903(N) and A.A.C. R20-4-102 by failing to conduct the minimum

- 1 elements of reasonable employee investigations before hiring employees;
- 2 d. A.A.C. R20-4-917(B)(1) by failing to maintain a complete loan application list
- 3 that includes loan disposition and the loan officer's name;
- 4 e. A.R.S. § 6-903(F) by failing to notify the Superintendent about a change
- 5 involving their responsible individual;
- 6 f. A.R.S. § 6-903(E) and A.A.C. R20-4-102 by failing to have a responsible
- 7 individual in active management of Arizona activities;
- 8 g. A.R.S. § 6-905(A) by violating an applicable law, rule, or order;
- 9 h. A.R.S. § 6-905(A) by failing to furnish information to the Department within a
- 10 reasonable time; and
- 11 i. A.R.S. § 6-906(C) by using unlawful appraisal disclosures that limit a borrower to
- 12 90 days in which the borrower may request a copy of an appraisal for which the
- 13 borrower has paid.

14 3. The violations, set forth above, constitute grounds for: (1) the issuance of an order pursuant

15 to A.R.S. § 6-137 directing Respondents to cease and desist from the violative conduct and to take

16 the appropriate affirmative actions, within a reasonable period of time prescribed by the

17 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and

18 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the

19 suspension or revocation of Respondents' license pursuant to A.R.S. § 6-905; and (4) an order or any

20 other remedy necessary or proper for the enforcement of statutes and rules regulating mortgage

21 brokers pursuant to A.R.S. §§ 6-123 and 6-131.

## 22 ORDER

23 1. CMC and Mr. Weinstein shall immediately stop the violations set forth in the

24 Findings of Fact and Conclusions of Law. CMC and Mr. Weinstein:

- 25 a. Shall obtain proper branch office licenses from the Superintendent;
- 26 b. Shall use their name and license number, as issued on their principal place of

1 business license, within all regulated advertising;

- 2 c. Shall conduct the minimum elements of reasonable employee investigations  
3 before hiring employees;  
4 d. Shall maintain a complete loan application list that includes loan disposition and  
5 the loan officer's name;  
6 e. Shall notify the Superintendent about a change involving their responsible  
7 individual;  
8 f. Shall have a responsible individual in active management of Arizona activities;  
9 g. Shall not violate an applicable law, rule, or order;  
10 h. Shall furnish information to the Department within a reasonable time; and  
11 i. Shall not use unlawful appraisal disclosures that limit a borrower to 90 days in  
12 which the borrower may request a copy of an appraisal for which the borrower  
13 has paid.

14 2. CMC and Mr. Weinstein shall immediately pay to the Department a civil money  
15 penalty in the amount of **fifteen thousand dollars (\$15,000.00)**. CMC and Mr. Weinstein are  
16 jointly and severally liable for payment of the civil money penalty.

17 3. The provisions of this Order shall be binding upon Respondents, their employees,  
18 agents, and other persons participating in the conduct of the affairs of Respondents.

19 4. This Order shall become effective upon service, and shall remain effective and  
20 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,  
21 or set aside.

22 SO ORDERED this 28<sup>th</sup> day of July, 2006.

23 Felecia A. Rotellini  
24 Superintendent of Financial Institutions

25 By Bruce Tunell  
26 Bruce Tunell  
Deputy Superintendent of Financial Institutions

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1 Felecia A. Rotellini  
Superintendent of Financial Institutions  
2 Arizona Department of Financial Institutions  
ATTN: June Beckwith  
3 2910 N. 44th Street, Suite 310  
Phoenix, AZ 85018

4 COPY mailed/delivered same date to:

5 Craig A. Raby  
6 Assistant Attorney General  
Office of the Attorney General  
7 1275 West Washington  
Phoenix, AZ 85007

8 Robert D. Charlton, Assistant Superintendent  
9 J.P. Ciudad, Senior Examiner  
Arizona Department of Financial Institutions  
10 2910 N. 44th Street, Suite 310  
Phoenix, AZ 85018

11 AND COPY MAILED SAME DATE by  
12 Certified Mail, Return Receipt Requested, to:

13 Eric Weinstein, President  
Carteret Mortgage Corporation  
14 6211 Centerville Road, Suite 800  
Centerville, VA 20121

15 Korene Clopine-Seaman  
16 11811 North Tatum Blvd.  
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17 Phoenix, AZ 85028

18 Weiner Brodsky Sidmer Kider, PC  
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19 Fifth Floor  
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20 CT Corporation System  
21 Statutory Agent for:  
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22 2394 East Camelback Road  
Phoenix, AZ 85016

23  
24 By: *Paul A. Carr*  
25  
26